

 <p>ARIZONA DEPARTMENT OF CORRECTIONS</p> <p>DEPARTMENT ORDER MANUAL</p>	CHAPTER: 300 BUSINESS/BUDGET	OPR: AS
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TABLE OF CONTENTS

PURPOSE		
RESPONSIBILITY		
APPLICABILITY		
PROCEDURES		PAGE
301.01	RECEIVING CASH	1
301.02	INTERNAL CASH CONTROLS	1
301.03	DEPOSITS	2
301.04	TAX ON OUT-OF-STATE PURCHASES	2
301.05	COUNTY REIMBURSEMENT OF TRIAL EXPENSES	3
301.06	DONATIONS	3
301.07	EMPLOYEE RECOGNITION DONATIONS OR FUND RAISING ACTIVITIES	5
301.08	PROFESSIONAL SOCIETY DUES AND LICENSES	5
301.09	NON-DEPARTMENT EMPLOYEES LODGING AT COTA.....	6
	DEFINITIONS	6
	AUTHORITY	6

PURPOSE

This Department Order establishes a fiscal management system for the maintenance and accountability of all Department appropriated and non-appropriated monies and funds. The fiscal management system shall be operated within the framework of statutory requirements, fiscal rules and generally accepted accounting principles. The Department shall comply with the State of Arizona Accounting Manual and Technical Bulletins published by the Arizona Department of Administration's General Accounting Office in all accounting functions.

RESPONSIBILITY

The Financial Services Bureau Administrator shall be responsible for ensuring Business Administrators and Business Managers are thoroughly familiar with State of Arizona Accounting Manual and they sign up and receive Arizona Department of Administration's General Accounting Office "Updates and News" e-mails. The State of Arizona Accounting Manual is available at <http://www.gao.az.gov/publications/SAAM/default.asp>.

The Division Director for Administrative Services shall be responsible for ensuring Department Orders related to fiscal issues are reviewed annually, after the Arizona State Legislature has adjourned, to incorporate any relevant changes in law concerning fiscal management.

Any questions pertaining to accounting methods or practices shall be referred to the Financial Services Bureau Administrator.

APPLICABILITY

This Department Order applies to all staff whose duties involve the maintenance and accountability of appropriated and non-appropriated monies and funds for the Department. Only sections 301.01 through 301.05 of this Department Order are applicable to Contract Beds facilities.

PROCEDURES

301.01 RECEIVING CASH

- 1.1 Receiving Points – The Financial Services Bureau Accounting Unit and each institutional Business Office shall designate in writing a specific receiving point for receiving cash, including the specific area and position(s). All receiving points must be approved by the Financial Services Bureau Administrator.
- 1.2 Two employees without accounting responsibilities shall be present when mail is opened.
- 1.3 Endorsement - A negotiable instrument (Money Order) shall be endorsed immediately upon receipt with a restrictive endorsement. An endorsement stamp for the Arizona State Treasurer can be obtained through the Financial Services Bureau. Endorsement stamps for deposits to bank accounts other than with the Arizona State Treasurer shall reflect the appropriate bank account name and account number (for example, For Deposit Only – Inmate Trust Account, Account # 1234567890).

301.02 INTERNAL CASH CONTROLS

- 1.1 All areas receiving cash (currency, checks, foreign currency, money orders, or any other negotiable instruments) shall review their written system of internal cash controls to ensure it includes the following procedures:

- 1.1.1 Cash handling, record keeping and reconciliation duties are separated. An individual employee shall have no more than one of these duties.
- 1.1.2 Adequate physical facilities are provided to safeguard cash prior to deposit.
- 1.1.3 Cash receipt summaries and mail receipt listings are prepared and reconciled to deposits daily at all locations where cash is received.
- 1.1.4 Deposit slips for receipts are prepared for each day cash is received, and deposits are made intact to the bank according to the contracted armored car services schedule.
- 1.1.5 Deposits and deposit slips are verified and initialed by a person other than the preparer. A validated deposit slip shall be received for each bank deposit and retained in the files.
- 1.1.6 Pre-numbered and sequentially issued cash receipts are used, including those that are "voided" and retained. Voided receipts shall include an explanation.
- 1.1.7 Access to petty cash, pre-paid (release) bank cards, and check books is restricted to the custodian.
- 1.1.8 Monthly reconciliations are reviewed and approved by the appropriate Business Administrator.
- 1.1.9 Deposits with the State Treasurer are "deposited directly" to the bank. A copy of the deposit slip validated by the bank and the deposit with the State Treasurer, Form GAO-605, shall be sent to Central Office Accounting. Since no validated slip is returned by the bank when deposits are picked up by an armored car service, a copy of the deposit slip shall be included with the State Treasurer form. Cash or checks shall not be sent by inter-agency mail.

301.03 DEPOSITS

- 1.1 All cash shall be deposited as soon as possible after receipt. A designated secured file, safe or other storage device shall be used to store received funds.
- 1.2 When cash is received for deposit to local accounts, staff shall prepare a bank deposit slip for the appropriate bank account.
- 1.3 Institutional staff may deposit cash with the State Treasurer at any branch of the state servicing bank, using the three-part deposit slips provided by the State Treasurer.
- 1.4 Contract Beds facilities shall follow deposit instructions, as outlined in Department Order #905, Inmate Trust Account/Money System.
- 1.5 Deposits by institutions shall be transported to the bank by the contracted armored car services.

301.04 TAX ON OUT-OF-STATE PURCHASES

- 1.1 Paid to Out-of State Vendors - When an out-of-state vendor bills the Department for Use-Tax on supplies, materials or equipment, authorized staff shall pay the tax directly to the vendor.

- 1.2 Paid to the Arizona Department of Revenue - When out-of-state vendors do not charge a Use-Tax, authorized staff shall submit tax payments to the Arizona Department of Revenue (ADOR).
- 1.3 Business Office staff shall:
 - 1.3.1 Throughout the month, as vendor payments are made, record the purchase of supplies, materials and equipment on the Monthly Use Tax Report, Form 301-2, or in a similar format.
 - 1.3.2 Complete and process an ADOR 64-1040 (TPT-1) Transaction Privilege, Use and Severance Tax Return by the monthly due date.

301.05 COUNTY REIMBURSEMENT OF TRIAL EXPENSES

- 1.1 The Department shall be responsible for charges incurred in the prosecution of inmates who commit crimes while under jurisdiction of the Department, including while on escape status.
- 1.2 After an inmate's trial occurs, the Clerk of the Court in which the trial is held shall prepare an itemized invoice against the State for the court costs and any other costs or fees incurred by the county for the prosecution and defense of the trial.
- 1.3 Upon the court judge certifying the invoice, the court shall send the invoice to Legal Services.
- 1.4 Legal Services shall forward the invoice to the appropriate Criminal Investigations Unit Manager or designee to verify the validity of the case(s).
- 1.5 Upon verification of the case(s), the appropriate Criminal Investigations Unit Manager shall return the invoice to Legal Services.
- 1.6 Upon receipt, the General Counsel or designee shall review the invoice for reasonableness, and upon approval to pay, forward the invoice to the Administrative Services Division, Business Manager who shall designate the source of funds to be used for disbursement and forward the invoice to Central Office Accounting for payment.
- 1.7 The Financial Services Bureau Administrator shall ensure approved invoices are paid promptly and a report of payments made, is provided to the Director quarterly.
- 1.8 Contract Beds facilities under contract with the Department shall be responsible for prosecutorial charges of inmates who commit crimes while under their jurisdiction, in accordance with A.R.S. 41-1609.04.

301.06 DONATIONS

- 1.1 Offer of Donation - A person or entity wanting to donate to the Department shall:
 - 1.1.1 Complete the Offer of Gift/Donation, Form 301-1.
 - 1.1.2 For tangible item(s), specify if the item(s) may or may not be sold.
 - 1.1.3 Specify any restriction(s) on the donation by checking the applicable choice(s) on the Offer of Gift/Donation form. Donations shall not be designated to an individual institution and/or unit as beneficiary.
 - 1.1.4 Determine the estimated value of the donation(s).

- 1.1.5 Identify (describe) the item(s) being donated.
- 1.1.6 Provide monetary donations made in the form of legal currency, check, money order, traveler's check or other forms of negotiable instrument. Any remaining monies from monetary donations, once the purpose of donation has been accomplished, shall be deposited in the General Fund.

1.2 Cash Donations

- 1.2.1 The Deputy Director or the appropriate Division Director shall approve all cash donations.
- 1.2.2 Restricted monetary donations approved by the Director, the Deputy Director or Division Directors shall be specifically identified and tracked within the Donations Fund (3147).

1.3 Donations for specific purposes

- 1.3.1 The Deputy Director or appropriate Division Directors shall approve restricted donations prior to acceptance.
- 1.3.2 Restricted tangible donations shall be accepted and documented in accordance with 1.4 through 1.4.2 of this section and Department Order #304, Equipment and Inventory System.

1.4 Accepting a Gift/Donation

- 1.4.1 The staff member receiving the donation shall ensure the donor has completely filled out the Offer of Gift/Donation form.
- 1.4.2 If the donation is not accepted, the Accepting Authority shall ensure the donation is returned to the donor.

1.5 Procedures After Acceptance - The Accepting Authority shall ensure:

- 1.5.1 Donated tangible items are not converted for personal use by any individual.
- 1.5.2 Donated tangible items considered as capital or inventorial equipment are processed in accordance with Department Order #304, Equipment and Inventory System.
 - 1.5.2.1 A photocopy of the Offer of Gift/Donation form shall be given to the Property Manager.
 - 1.5.2.2 The Property Manager shall complete the State Property Receipt/Return, Form 304-2, and forward it to the Accepting Authority.
- 1.5.3 The original copy of the Offer of Gift/Donation form, the State Property Receipt/Return form (for equipment and inventorial property) and the money (for monetary donations or proceeds from sale of donated items) shall be forwarded to the Financial Services Bureau Administrator.
- 1.5.4 Accounts for individual institutions shall not be established within the Donations Fund. Accounts for specific purpose (without specifying the institution) may be established with the approval of the Division Director for Administrative Services.

- 1.6 The Financial Services Bureau Administrator or designee shall ensure:
 - 1.6.1 The Offer of Gift/Donation form is properly completed and the appropriate authority accepted the donation.
 - 1.6.2 All monetary donations or proceeds from the sale of donated items are deposited with the Arizona State Treasurer in the Department Donations Fund.
 - 1.6.3 Equipment and Inventory items are added to the Arizona Financial Information Systems (AFIS) Fixed Assets system.
 - 1.6.4 Accounts for individual institutions are not established within the Donations Fund. Accounts for a specific purpose may be established with the Director's approval.
 - 1.6.5 The "Status of Donations Fund" report is submitted monthly to the Director.

1.7 Expenditures

- 1.7.1 Wardens, Deputy Wardens and Bureau Administrators shall annually submit to the Director a list of projects or equipment to be purchased from the Donations Fund for unrestricted donations.
- 1.7.2 The Director shall approve all requests for purchase and expenditures involving the Donations Fund.
- 1.7.3 The Administrative Services Division shall process all approved requests for purchase and expenditures.

301.07 EMPLOYEE RECOGNITION DONATIONS OR FUND RAISING ACTIVITIES - The Financial Services Bureau Administrator shall establish an Employee Recognition Fund with the Arizona Department of Administration's General Accounting Office.

- 1.1 The staff member receiving a donation for the fund shall ensure the donor has completely filled out the Offer of Gift/Donation form.
- 1.2 The goods, merchandise or cash received shall be handled in accordance with sections 301.02 and 301.06 of this Department Order.
- 1.3 An Employee Recognition Program Donated Materials Inventory Log shall be maintained by each budget unit Business Administrator or designee.
- 1.4 Storage and safeguarding of goods, merchandise or cash contributed for the benefit of an Employee Recognition Program shall be maintained by each budget unit Business Administrator or designee in accordance with sections 301.02 and 301.06 of this Department Order.
- 1.5 Fundraising activities shall be conducted in the manner prescribed by the State of Arizona Accounting Manual.

301.08 PROFESSIONAL SOCIETY DUES AND LICENSES

- 1.1 Membership in professional societies or professional license fees may be obtained in the name of the Department, institution or an individual if the following apply:
 - 1.1.1 The Department derives a benefit from the employee participating in the organization.

- 1.1.2 The professional license fee pertains to the job being performed by the employee.
- 1.2 Requests for membership in professional societies and for professional licenses in the name of the Department, institution and/or employee shall be forwarded to the Division’s Business Administrator for review and approval prior to forwarding the request to the requestor's Deputy Director or Division Director for approval.
- 1.3 The request shall be provided to the Deputy Director or appropriate Division Director in a memorandum giving sufficient details to assist in determining:
 - 1.3.1 The appropriateness of the membership and/or license.
 - 1.3.2 The benefit the Department shall derive from participating in the organization.
 - 1.3.3 The costs involved.
 - 1.3.4 The period of time of the membership and/or license.
- 1.4 Approved requests shall be returned to the Division Business Administrator for funding. Denied requests shall be returned to the Division Business Administrator citing the rationale for disapproval.
- 1.5 Approval and payment of Departmental memberships and/or licenses shall be subject to availability of funds.

301.09 NON-DEPARTMENT EMPLOYEES LODGING AT COTA - The Department offers meal service and lodging to state employees and law enforcement agency employees conducting official business in southern Arizona at the Correctional Officer Training Academy (COTA). Lodging and meals are available on a first-come, first-served basis.

- 1.1 The rate of \$8 per person per night covers the cost to the Department to provide linens, utilities and supplies. Payment for lodging is by check or warrant payable to the Arizona Department of Corrections in advance. The cost of meals is at the current contract price and can be paid for by check or warrant in advance or cash payment is required when meals are served.
- 1.2 COTA guests are required to follow all of the facility regulations. COTA staff shall review the facility rules with guests at check-in. For further information regarding COTA Rules of Conduct, refer to Department Order #509, Employee Training and Education.

DEFINITIONS

CASH – For the purpose of this Department Order, the term “cash” means currency, coin, foreign currency, checks and money orders or any other negotiable instruments.

{Original Signature on File}

Charles L. Ryan
Director

FORMS LIST

301-1, Offer of Gift/Donation
301-2, Monthly Use Tax Report

AUTHORITY

A.R.S. 31-227, Reimbursing County for Expense of Prosecution
A.R.S. 35-131, Accounting System; Reports; Notice of Deficiency; Forms
A.R.S. 41-703, Duties of Director
A.R.S. 41-722, Powers and Duties Relating to Finance
A.R.S. 41-1605, Power to Accept and Expend Gifts
A.R.S. 41-1609.04, Reimbursing County for Expense of Prosecution; Private Prison